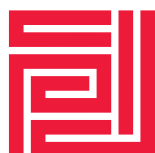


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China Chuanglian Education Financial Group Limited

中國創聯教育金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2371)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

RESULTS HIGHLIGHTS

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reported financial information		
Revenue	84,233	54,023
Gross profit	56,846	31,173
Loss before tax	(872)	(16,875)
Loss attributable to owners of the Company	(3,660)	(15,928)
Basic loss per share (RMB cent)	(0.06)	(0.27)
Adjusted financial information[#]		
Profit (loss) before tax	704	(11,740)
Loss attributable to owners of the Company	(2,084)	(10,793)
Basic loss per share (RMB cent)	(0.03)	(0.18)

[#] Adjusted financial information refers to activities for the period excluding share-based payment expenses and impairment losses charged.

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Chuanglian Education Financial Group Limited (the “**Company**”) hereby announces the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	84,233	54,023
Cost of services		(27,387)	(22,850)
Gross profit		56,846	31,173
Other income	4	1,363	1,078
Selling and marketing expenses		(17,190)	(9,399)
Administrative expenses		(37,284)	(31,607)
Impairment loss of trade and other receivables		(1,576)	(4,995)
Finance costs		(3,031)	(3,125)
Loss before tax		(872)	(16,875)
Income tax (expense) credit	5	(2,363)	81
Loss for the period	6	(3,235)	(16,794)

		Six months ended 30 June	
		2021	2020
Note		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other comprehensive income (expense)			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of equity investments at fair value through other comprehensive income, net of income tax		3,921	—
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating of financial statements of foreign operations		(1,354)	2,640
Total other comprehensive income for the period		2,567	2,640
Total comprehensive expense for the period		(668)	(14,154)
(Loss) profit for the period attributable to:			
— owners of the Company		(3,660)	(15,928)
— non-controlling interests		425	(866)
		(3,235)	(16,794)
Total comprehensive (expense) income for the period attributable to:			
— owners of the Company		(1,093)	(13,288)
— non-controlling interests		425	(866)
		(668)	(14,154)
Loss per share			
Basic and diluted (RMB cent)		8	
		(0.06)	(0.27)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-current assets			
Plant and equipment	9	53,254	58,084
Right-of-use assets		87,316	94,476
Intangible assets		50,109	52,488
Goodwill		38,290	38,290
Financial assets at fair value through other comprehensive income		29,628	24,400
Financial asset at fair value through profit or loss		1,567	1,585
Interest in an associate		2,000	2,000
Other receivables	10	3,083	3,096
		<u>265,247</u>	<u>274,419</u>
Current assets			
Trade and other receivables	10	31,642	22,464
Financial asset at fair value through other comprehensive income		29,000	29,000
Term deposit		—	5,000
Bank balances and cash		190,924	115,805
		<u>251,566</u>	<u>172,269</u>
Current liabilities			
Contract liabilities		31,765	10,490
Trade and other payables	11	22,954	37,552
Amount due to a shareholder		57	57
Bank borrowing		—	3,000
Lease liabilities		14,511	14,511
Income tax payable		11,720	11,987
		<u>81,007</u>	<u>77,597</u>
Net current assets		<u>170,559</u>	<u>94,672</u>
Total assets less current liabilities		<u>435,806</u>	<u>369,091</u>
Capital and reserves			
Share capital	12	54,046	50,135
Reserves		244,026	206,574
Equity attributable to owners of the Company		<u>298,072</u>	<u>256,709</u>
Non-controlling interests		6,795	6,370
Total equity		<u>304,867</u>	<u>263,079</u>
Non-current liabilities			
Deferred tax liability	13	10,630	9,851
Lease liabilities		89,465	96,161
Convertible bonds	14	30,844	—
		<u>130,939</u>	<u>106,012</u>
		<u>435,806</u>	<u>369,091</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Rooms 905-6, 9th Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong.

The Group are principally engaged in the provision of the online training and education services and financial services. Other than those major operating subsidiaries established in the People’s Republic of China (the “**PRC**”) whose functional currency is Renminbi (“**RMB**”), the functional currency of the remaining subsidiaries is Hong Kong dollars (“**HK\$**”).

The functional currency of the Company is HK\$, which is different from the presentation currency, RMB. As the Group mainly operates in the PRC, the Directors consider that it is appropriate to present the condensed consolidated financial statements in RMB.

The condensed consolidated financial statements of the Group for the six months ended 30 June 2021 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020.

Convertible bonds

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company’s own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible bonds reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the conversion option is exercised (in which case the balance stated in convertible bonds reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRS(s)”)

In the current interim period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following new and amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning on 1 January 2021.

Amendments to HKFRS 16

Amendments to HKRS 9, HKAS 39,
HKRS 7, HKFRS 4 and HKRS 16

Covid-19-Related Rent Concessions

Interest Rate Benchmark Reform — Phase 2

The application of the amendments to HKFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for services rendered net of sales related taxes for the period. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Online training services	55,668	42,733
Certification services	4,613	4,167
On-site training services	12,084	1,624
Consultancy services	519	2,622
Financial services	11,349	2,877
Total revenue	<u>84,233</u>	<u>54,023</u>

Information reported to the executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. Securities trading — trading of financial assets at fair value through profit or loss;
2. Educational consultancy and online training and education — provision of educational consultancy services and online training and education services, certification services and on-site training services; and
3. Financial services — provision of insurance brokerage services and investments advisory services.

Segment revenue and results

The following table presents the Group's revenue and results by reportable and operating segments for the six months ended 30 June 2021 and 2020 respectively:

Six months ended 30 June 2021

	Securities trading <i>RMB'000</i> (Unaudited)	Educational consultancy and online training and education <i>RMB'000</i> (Unaudited)	Financial services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
REVENUE				
External sales	—	72,365	11,868	84,233
Segment profit (loss)	—	7,947	(2,543)	5,404
Unallocated other income				215
Unallocated corporate expenses				(6,491)
Loss before tax				<u>(872)</u>

Six months ended 30 June 2020

	Securities trading <i>RMB'000</i> (Unaudited)	Educational consultancy and online training and education <i>RMB'000</i> (Unaudited)	Financial services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
REVENUE				
External sales	—	51,146	2,877	54,023
Segment loss	—	(5,056)	(2,287)	(7,343)
Unallocated other income				745
Unallocated corporate expenses				(10,277)
Loss before tax				<u>(16,875)</u>

Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, directors' emoluments, certain other income, depreciation of certain plant and equipment and right-of-use assets and certain finance costs. This is the measure reported to the executive Directors, being the chief operating decision maker, for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Segment assets		
Securities trading	—	—
Educational consultancy and online training and education	238,539	244,103
Financial services	17,119	15,426
Total segment assets	255,658	259,529
Unallocated corporate assets	261,155	187,159
Consolidated assets	516,813	446,688
Segment liabilities		
Securities trading	—	—
Educational consultancy and online training and education	144,668	145,005
Financial services	6,022	2,701
Total segment liabilities	150,690	147,706
Unallocated corporate liabilities	61,256	35,903
Consolidated liabilities	211,946	183,609

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain plant and equipment, certain right-of-use assets, certain intangible assets, financial assets at fair value through other comprehensive income ("FVTOCI"), financial asset at fair value through profit or loss ("FVTPL"), certain other receivables, term deposit and bank balances and cash; and
- all liabilities are allocated to operating segments other than certain other payables, bank borrowing, certain lease liabilities, amount due to a shareholder, income tax payable, deferred tax liability and convertible bonds.

4. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Management fee income	475	—
Value-added tax refund	344	330
Government subsidy (<i>note</i>)	—	304
Bank interest income	215	233
Loan interest income	—	105
Others	329	106
	<u>1,363</u>	<u>1,078</u>

Note: During the six months ended 30 June 2020, the amount primarily represented a cash subsidy granted by The Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund for relieving financial burdens of the businesses for the period in the amount of approximately RMB279,000 (six months ended 30 June 2021: nil).

5. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax		
— current period	2,891	1,346
Deferred tax	(528)	(1,427)
	<u>2,363</u>	<u>(81)</u>

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Depreciation of plant and equipment	5,118	5,849
Depreciation of right-of-use assets	7,119	7,085
Amortisation of intangible assets	2,431	3,707
Loss on disposal of a subsidiary	—	958
Share-based payment expenses	—	140
Expense relating to short-term leases	772	335

7. DIVIDEND

No dividends were paid, declared or proposed during the Reporting Period. The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(3,660)</u>	<u>(15,928)</u>
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>6,050,498</u>	<u>5,962,211</u>

The denominators used are the same as those detailed above for both basic and diluted loss per share.

Diluted loss per share is same as basic loss per share for both periods.

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price for shares for both six months ended 30 June 2021 and 2020.

The computation of diluted loss per share for the six months ended 30 June 2021 did not assume the conversion of the Company's outstanding convertible bonds as the conversion of convertible bonds would result in a decrease in loss per share.

9. PLANT AND EQUIPMENT

During the six months ended 30 June 2021, additions of plant and equipment amounted to approximately RMB303,000 (six months ended 30 June 2020: RMB5,306,000).

10. TRADE AND OTHER RECEIVABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables	11,737	7,895
Less: impairment loss recognised	(4,388)	(2,812)
	<u>7,349</u>	<u>5,083</u>
Other receivables	18,861	12,304
Less: impairment loss recognised	(1,491)	(1,491)
	<u>17,370</u>	<u>10,813</u>
Prepayments	4,060	3,313
Deposits	3,548	3,239
Value added tax recoverable	2,398	3,112
	<u><u>34,725</u></u>	<u><u>25,560</u></u>
Analysed as		
Current	31,642	22,464
Non-current	3,083	3,096
	<u><u>34,725</u></u>	<u><u>25,560</u></u>

The Group does not hold any collateral over these receivables.

Trade receivables are due according to the terms on the relevant contract. The following is an ageing analysis of trade receivables net of accumulated impairment losses presented based on the invoice date at the end of reporting period:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 30 days	3,640	4,419
31 to 60 days	2,069	20
61 to 120 days	123	644
121 to 365 days	1,517	—
	7,349	5,083

11. TRADE AND OTHER PAYABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade payables	4,982	16,233
Other payables	11,555	10,200
Other tax payables	1,468	2,140
Accruals	4,949	8,979
	22,954	37,552

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 30 days	412	15,686
31–60 days	60	—
61–90 days	20	—
91–150 days	44	17
151–365 days	3,933	—
Over 365 days	513	530
	4,982	16,233

The trade payables were due according to the terms on the relevant contracts. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

12. SHARE CAPITAL

	Number of shares		Share capital		Equivalent nominal value of ordinary shares	
	30 June 2021 '000 (Unaudited)	31 December 2020 '000 (Audited)	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Ordinary shares of HK\$0.01 each						
Authorised:						
At the beginning and end of the period/year	<u>100,000,000</u>	<u>100,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>879,100</u>	<u>879,100</u>
Issued and fully paid:						
At the beginning of the period/year	5,962,211	5,962,211	59,622	59,622	50,135	50,135
Placing of new shares (<i>note</i>)	<u>470,000</u>	<u>—</u>	<u>4,700</u>	<u>—</u>	<u>3,911</u>	<u>—</u>
At the end of the period/year	<u>6,432,211</u>	<u>5,962,211</u>	<u>64,322</u>	<u>59,622</u>	<u>54,046</u>	<u>50,135</u>

Note: On 28 April 2021, the Company entered into a placing agreement with the placing agent for the placing of an aggregate 470,000,000 new ordinary shares of the Company to not less than six independent third parties at a placing price of HK\$0.102 per share. The net proceeds raised amounted to approximately RMB39,816,000 and resulted in the net increase in share capital and share premium of approximately RMB3,911,000 and RMB35,905,000 respectively. The placing was completed on 28 May 2021. Details of the placing are set out in the Company's announcements dated 28 April 2021 and 28 May 2021 respectively.

All the new shares issued during the Reporting Period rank *pari passu* with the existing shares in all respects.

13. DEFERRED TAX LIABILITY

The movements in the deferred tax liability during the period were as follows:

	Total RMB'000
At 1 January 2021 (audited)	9,851
Credited to profit or loss	(528)
Charged to other comprehensive income	<u>1,307</u>
At 30 June 2021 (unaudited)	<u>10,630</u>

14. CONVERTIBLE BONDS

On 28 May 2021, the Company completed the issuance of convertible bonds with face value of HK\$40,000,000 (equivalent to approximately RMB33,332,000) to an independent third party who was appointed as the executive Director and chief operating officer of the Company on 25 June 2021. The holder of convertible bonds is entitled to convert the convertible bonds into ordinary shares of the Company at the conversion price of HK\$0.125 per ordinary share at any time between the date of issue of the convertible bonds and 13 May 2023. The convertible bonds bears fixed interest of 3.50% per annum which will be paid on the maturity date or, if earlier, upon conversion or redemption of the convertible bonds.

The net proceeds amounted to approximately RMB33,332,000 received from the issue of convertible bonds have been split between a liability component and an equity component, as follows:

	<i>RMB'000</i>
Face value of the convertible bonds issued	33,332
Equity component	<u>(2,640)</u>
Liability component at the date of issue	30,692
Imputed interest charged during the period	197
Exchange realignment	<u>(45)</u>
	<u><u>30,844</u></u>

The interest charged is calculated by applying an effective interest rate of 7.72% to the liability component of the convertible bonds.

As at 30 June 2021, the principal amount of convertible bonds remained outstanding is RMB33,332,000 (31 December 2020: nil).

Details of the convertible bonds are set out in the Company's announcements dated 28 April 2021 and 28 May 2021 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the Reporting Period, the Group recorded a revenue of approximately RMB84.2 million (six months ended 30 June 2020: approximately RMB54.0 million), representing an increase of 55.9% as compared to the last corresponding period.

Out of the total revenue, approximately RMB72.4 million (six months ended 30 June 2020: approximately RMB51.1 million) was generated from educational consultancy and online training and education business, and approximately RMB11.9 million (six months ended 30 June 2020: approximately RMB2.9 million) was generated from the financial services business for the Reporting Period. The educational consultancy and online training and education business continued to be the major contributor of revenue to the Group which accounted for 85.9% of the total revenue for the Reporting Period. The revenue derived from educational consultancy and online training and education business is usually subject to certain seasonality as more users would prefer to undertake the trainings closer to the end of the year.

There was an increase in the Group's revenue from the educational consultancy and online training and education business for the Reporting Period as a result of the growing demand of training courses for professional technical personnel and education certification and consultancy services.

In view of the huge market of the online training and education in the PRC, the management expects that there are still plenty rooms of growth for the Group's educational consultancy and online training and education business. Although the growth of the Group's educational consultancy and online training and education business during the Reporting Period was hindered due to the certain changes of government policies and the outbreak of novel coronavirus, the Group is currently in contact with a few new geographical areas in the PRC over the provision of online training services in these areas in the second half of 2021. The management is optimistic that the growth of the Group's educational consultancy and online training and education business in the second half of 2021 would be speed-up.

There was a huge increase the Group's revenue generated from the financial services business during the Reporting Period as the Group has almost finished business realignment in relation to the financial services business in order to enhance more synergy with the Group's educational consultancy and online training and education business in the foreseeable future. The Group remains optimistic about the potential growth of the Group's financial services business and its potential synergy with the Group's educational consultancy and online training and education business.

Cost of services for the Reporting Period was approximately RMB27.4 million (six months ended 30 June 2020: approximately RMB22.9 million), representing an increase of approximately 19.9% as compared to the last corresponding period. The increase in cost of services was mainly due to the increase in volume of revenue.

Gross profit margin for the Reporting Period was increased to approximately 67.5% (six months ended 30 June 2020: approximately 57.7%). Gross profit mainly raised from the educational consultancy and online training and education business, its gross profit margin increase from approximately 55.6% for the six months ended 30 June 2020 to approximately 77.5% for the Reporting Period as a result of economy of scale achieved.

Selling and marketing expenses for the Reporting Period was approximately RMB17.2 million (six months ended 30 June 2020: approximately RMB9.4 million), representing an increase of approximately 82.9% as compared to the last corresponding period. The increase in selling and marketing expenses was mainly due to the increase in commission, conference and advertising fee.

Administrative expenses for the Reporting Period was approximately RMB37.3 million (six months ended 30 June 2020: approximately RMB31.6 million), representing an increase of 18.0% as compared to the last corresponding period. The increase in administrative expenses was mainly due to the increase in entertainment expense and advisory fee.

As a result of the above, there was a decrease in the loss attributable to owners of the Company to approximately RMB3.7 million during the Reporting Period, compared to the loss attributable to owners of the Company of approximately RMB15.9 million for the six months ended 30 June 2020. The basic loss per share for the Reporting Period was approximately RMB0.06 cent compared to a basic loss per share of approximately RMB0.27 cent for the six months ended 30 June 2020.

Business Review

The Group is committed to lifelong education and provides online and offline training services for professional staff in China under our strategic planning across the industry value chain. By integrating big data via “one cloud and three screens”, the Group has expanded its operations to include business fields such as finance and media services, thereby establishing a dual development model of “education + financial services”.

Education Services

The Group provides online/offline training services for millions of professional staff in various provinces and cities across China to adapt to job requirements and improve their job skills. The current population of professional staff in the PRC is over 82 million. There are certain requirements under the PRC laws and relevant provisions that professional staff in the PRC are required to undertake an annual required minimum continuing professional training in both public required subjects and relevant professional subjects in order to satisfy their corresponding job requirements and professional development needs.

Due to the impact of the COVID-19 pandemic, the Group is now providing comprehensive online training and education services to professional staff, through the Internet and mobile Internet. The Group is operating more than 150 large-scale online training and education service platforms for institutional B-end users and an online education platform (Rongxue Cloud) for mobile Internet C-end users. The Group currently has more than 6 million paying users. In the past few years, the Group's online training platform has provided training for more than 40 million people.

During the Reporting Period, the Group has provided its online training and education business to different geographical areas in the PRC. The Group's online training and education business currently covers 18 provinces, autonomous regions and municipalities as well as 43 cities in the PRC.

Furthermore, the Group has launched a multi-level, multi-dimensional online/offline combination of internet training services. By providing a large-scale online training cloud platform (Rongxue Cloud) combined with offline training centres currently established in Guangxi Zhuang Autonomous Region and Sichuan Province, various forms of training are provided to users with a full range of training services to meet the growing training needs for both online and offline services.

Traditional Financial Services

Leveraging on the continuous development of the PRC market and its own advantage in terms of resources, the Group has accumulated years of experience in the field of education and has achieved relatively good results. With financial services being one of the four pillar industries in Hong Kong, and the Group being a participant in Hong Kong's capital market, the Group was able to expand and develop its business in the financial sector by virtue of its own strengths and the promising growth potential of Hong Kong's financial market.

Since 2017, the Group has completed a series of mergers and acquisitions of licensed financial companies in the PRC and Hong Kong markets, which accelerated the Group's expansion into the financial sector.

During the Reporting Period, Beijing Zhongjin Insurance Brokerage Limited (“**Beijing Zhongjin**”), a subsidiary of the Group, established branches in nearly 9 provinces in Mainland China, including Shanghai, Shandong, Tianjin, and Guangdong. The company actively developed its business and worked together with Well Tunes Financial Group Limited (“**Well Tunes**”), a subsidiary of the Group, on the basis of compliance, with an aim to promote collaborative development between the two markets.

RuiLian Financial Group Company Limited (“**RuiLian**”) (formerly known as Premier Management Limited), a subsidiary of the Group, is a corporation licensed under the Securities and Futures Commission to conduct Type 1 (Dealing in Securities), 4 (Advising on Securities) and 9 (Asset Management) regulated activities. As at the end of the Reporting Period, its securities and advisory businesses contributed to the overall performance of the Group. Under the strategic guidance of and the efforts made by the management team, the company established 3 funds under its asset management business, namely Premier Global Investment Fund SPC, Premier Frontier IPO Fund, and CCB Frontier Fortune Fund, with the total amount of assets under management reaching approximately HK\$800 million.

As an important contributor to the Group’s financial development, Wellstone Credit Finance Limited, a subsidiary of the Group, is a licensed money lender that primarily develops in line with the Group’s overall commitments and provides absolute guarantee for the development of its business in accordance with external requirements. As such, its operating results has historically contributed to the overall development of the Group.

Future Plans

Education Services

In recent years, the Group has continuously invested to increase the coverage of the Group’s online training and education services business in the PRC. The Group plans to continue to deepen the Group’s combination of online and offline service solutions in the field of continuing education of professional staff and continue to increase the market share.

Therefore, based on the strong foundation and growth of the continuing education for professional staff, the Group will widen the scope of vocational skills training for professional staff. The Group will also do its best to continuously expand its business in the foreseeable future in accordance with changes in government policies and new markets coverage, and promote online training education penetration in existing business areas.

In addition to the business-to-business model, the Group will continue to allocate more resources to develop the business-to-consumer model in order to increase the consumers’ adherence and loyalty to our training and education platforms. With the success of launching of online to offline training model by opening the training centers geographically, the Group will seek more suitable areas to set up more training centers for better improvement of its post-sales services and increase the average revenue per user in the future.

As most professional staff would be required to pass certain examinations before admission as civil servants and achievement of corresponding professional qualifications, the Group believes that the market potential of pre-examination preparation courses is still huge. In view of this, the Group has continued to develop this new business line by providing more pre-examination preparation courses in the future.

Traditional Financial Services

With the COVID-19 pandemic gradually under control, intraregional economic and trade activities are put back on track and industries are slowly recovering. Moreover, due to Hong Kong's position as an international financial center and the southern-most strategic location in the Greater Bay Area (GBA), in addition to the full support provided by the Central Government to the GBA Economic Zone, financial services are of paramount importance.

The Group has achieved preliminary results in relation to its active strategic planning in the financial sector. However, we are always reminded by the increasingly intense market competition, that we should constantly step up our expansion plans.

Beijing Zhongjin will continue to set up offices in major cities in China, in order to satisfy domestic demands for insurance products, and lay a solid foundation for market expansion and business improvement. On the basis of the existing life insurance business, Well Tunes will actively expand its financial insurance business starting from inner circles and gradually expanding to outer circles. Besides, group medical insurance, MPF, employee benefits and other group insurance plans will be launched. At present, both companies are actively accommodating differences between the insurance products of Hong Kong and the Mainland and utilizing the respective strengths thereof. Once intraregional business activities become commonplace, the companies can expand the entire operation for it to reach the next milestone through resources sharing and create real synergy.

RuiLian is currently upgrading its Type 1 regulated activity and actively developing its Type 9 (Asset Management) business. The total amount of assets under management has been on the increase and is targeted to exceed HK\$2 billion. Upon completion of the upgrading of Type 1 regulated activity, business connections among Type 1, Type 4 and Type 9 activities can be realized, and the Type 1 (Dealing in Securities) business will promote the growth of the Group's overall revenue.

Financial services in technology

Blockchain technology and financial related businesses are the future trends, which will reshape the activity mode of society and business, just like the internet and e-commerce have developed from the early stage to one of the important infrastructures today. Therefore, the Directors believe that developing blockchain technology and financial related businesses can not only further improve the Group's comprehensive service capabilities on the basis of the existing foundation, but also broaden the scope of existing educational and financial businesses, and seize future opportunities.

These are the directions of the Group to develop in this new financial technology aspects:

1. Regulated and licensed crypto-currencies trading platform and asset management;
2. Digital banking and e-payment gateways;
3. Decentralised finance (“**DeFi**”); and
4. Internet Data Centre (“**IDC**”) under Decentralized Ledger Technology (“**DLT**”).

On 8 June 2021, the Company and Blockchain Pte. Ltd. entered into a non-binding memorandum of understanding (“**MOU**”) on cooperation. Pursuant to the content of MOU, with extensive experience and abundant resources in their respective fields, the parties reached a consensus on developing relationship in relation to blockchain technology and financial related businesses. The parties formed a strategic partnership and agreed to develop long-term strategic cooperation on blockchain technology and financial related businesses so as to obtain good economic benefits and research and development results, including but not limited to: (i) cooperate to participate in the bidding for licensed businesses in the local digital finance area in Singapore; and (ii) Blockchain Pte. Ltd. would introduce the Company to participate in the research and application projects of University College Oxford Blockchain Research Centre and Oxford-Hainan Blockchain Research Institute.

On 29 July 2021, a subsidiary of the Group had entered into a sale and purchase agreement with an independent third party for acquiring the whole equity interest in a group of companies which focuses on the provision of finance leases, information and computer technology and consulting services over high performance data processing computer units which are specialised in distributed ledger technology, blockchain and cryptocurrencies. The total consideration for this acquisition was HK\$166,000,000, in which HK\$42,000,000 was settled in cash on 26 August 2021, i.e. the date of completion of the acquisition. The remaining HK\$124,000,000 shall be settled in a form of promissory note, which is to be due in 15 months after the date of completion of the acquisition, on the condition that the acquired group of companies can achieve a net profit not less than HK\$160,000,000 in

twelve months after being acquired by the Group. The Company considers this acquisition can bring the Group into this new area of financial service business with concrete on-going business and at protective terms of acquisition in the interest of the Group.

Liquidity and Financial Resources

As at 30 June 2021, the Group had bank balances and cash of approximately RMB190.9 million (31 December 2020: approximately RMB115.8 million).

As at 30 June 2021, the Group's net current assets totalled approximately RMB170.6 million (31 December 2020: approximately RMB94.7 million).

The Group's current ratio was approximately 3.11 times as at 30 June 2021 as compared with approximately 2.22 times as at 31 December 2020.

Gearing Ratio

The gearing ratio of the Group (measured as total liabilities to total assets) was 41.0% as at 30 June 2021 (31 December 2020: 41.1%).

Capital Structure

As at 30 June 2021, the Company's issued share capital was approximately HK\$64,322,106 and the number of its issued ordinary shares was 6,432,210,578 shares of HK\$0.01 each.

Foreign Exchange Exposure

Substantially all of the business transactions of the Group are denominated in Renminbi and Hong Kong dollars. The Group adopts a conservative financial policy. During the Reporting Period, the Group did not have any bank liabilities, interest or currency swaps or other financial derivatives for hedging purpose. Therefore, the Group is not exposed to any material interest and exchange risks.

Contingent Liabilities

As at 30 June 2021 and 31 December 2020, the Group did not have any significant contingent liabilities.

Charge on Group Assets

As at 30 June 2021 and 31 December 2020, the Group did not have any charges on its assets.

Capital Commitment

As at 30 June 2021, the Group had outstanding capital commitment in respect of the capital contribution of interest in an associate and a joint venture of approximately RMB17.8 million (31 December 2020: RMB8.0 million).

Employee Information and Remuneration Policy

As at 30 June 2021, the Group had 347 employees (31 December 2020: 327 employees) in Hong Kong and the PRC and the total staff costs (including all Directors' remuneration and fees) are approximately RMB17.9 million for the Reporting Period (six months ended 30 June 2020: approximately RMB23.0 million).

The Group offers competitive remuneration package, including medical and retirement benefits, to eligible employees. In order to attract, retain and motivate eligible employees, including the Directors, the Company had adopted share option schemes (the **"Share Option Schemes"**). As at 30 June 2021, there were 33,300,000 share options remained outstanding which can be exercised by the grantees of the Share Option Schemes.

The Group is confident that our employees will continue to provide a firm foundation for the success of the Group and will maintain high standard of service to our clients.

The equity fund raising activity conducted by the Company during the Reporting Period is set out below:

ISSUE OF THE CONVERTIBLE BONDS AND SHARES

On 28 April 2021, the Company and ASA Securities Limited (the **"Placing Agent"**) entered into a share placing agreement (the **"Share Placing Agreement"**) and a convertible bond placing agreement (the **"CB Placing Agreement"**) respectively, pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, for up to 470,000,000 new shares of the Company (the **"Placing Shares"**) at a price of HK\$0.102 per Placing Share (the **"Share Placing"**) and for convertible bonds (the **"Convertible Bonds"**) in the principal amount of up to HK\$90,000,000 (the **"CB Placing"**).

The Share Placing was completed on 28 May 2021 in accordance with the terms and conditions of the Share Placing Agreement. A total of 470,000,000 Placing Shares had been successfully placed to not less than six (6) placees, who and whose ultimate beneficial owners were independent third parties, at the placing price of HK\$0.102 per Placing Share.

The CB Placing was completed on 28 May 2021 in accordance with the terms and conditions of the CB Placing Agreement. The Convertible Bonds in the aggregate principal amount of HK\$40,000,000 have been placed to one placee, namely Mr. Song Bo 宋博 (**"Mr. Song"**), being a PRC resident and a general investor, who was appointed as the executive Director and chief operating officer of the Company on 25 June 2021.

Dilution Impact of the Conversion of Convertible Bonds

Set out below is the dilution effect on equity interest of the shareholding structure of the Company upon the fully conversion of the outstanding Convertible Bonds.

Substantial Shareholders	As at 30 June 2021		Upon full conversion of Convertible Bonds as at 30 June 2021	
	Approximately		Approximately	
	Number of Shares	% of issued Shares	Number of Shares	% of issued Shares
Headwind Holdings Limited	680,000,000	10.57%	680,000,000	10.07%
Guo Zhen Bao	381,030,032	5.92%	381,030,032	5.64%
Choi Chung Lam	539,552,000	8.39%	539,552,000	7.99%
Siu Fung	578,700,000	9.00%	578,700,000	8.57%

Dilution Impact on Loss per Share

As calculated based on loss attributable to owners of the Company of approximately RMB3.7 million for the six months ended 30 June 2021, basic loss per share of the Company amounted to RMB0.06 cent. No computation of diluted loss per share for the six months ended 30 June 2021 as the conversion of convertible notes would result in a decrease in loss per share.

Use of Proceeds

An analysis of the utilisation of the net proceeds up to 30 June 2021 is set out below:

Intended use of Net Proceeds	Net Proceeds			Expected timeline for unused net proceeds
	Original allocation of Net Proceeds	Utilised during the six months ended	Unutilised balance of Net Proceeds up	
	(approximately)	30 June 2021 (approximately)	to 30 June 2021 (approximately)	
Possible investment in the education and finance market	HK\$60,050,000	—	HK\$60,050,000	2022
General working capital	HK\$27,500,000	HK\$2,706,000	HK\$24,794,000	2022
Total	<u>HK\$87,550,000</u>	<u>HK\$2,706,000</u>	<u>HK\$84,844,000</u>	

As at 30 June 2021, none of the Convertible Bonds has been converted to Shares. Details of the Convertible Bonds have been disclosed in the announcements of the Company dated 28 April 2021 and 28 May 2021.

SHARE OPTION SCHEMES

The Company operated the equity-settled Share Option Scheme on 31 October 2004 under which the Board might, at its discretion, offer any employees (whether full time or part time), executives or officers of the Company or any of its subsidiaries (including any executive director), consultants, agents or legal and financial advisers to the Company or its subsidiaries whom the Board considered, in its sole discretion, as having contributed to the Company or any of its subsidiaries.

The share option scheme was adopted for a period of 10 years commencing from 31 October 2004 (the “**Share Option Scheme 2004**”). Shareholders of the Company in the annual general meeting of the Company dated 28 May 2014 resolved to terminate the Share Option Scheme 2004 and to adopt the new share option scheme (the “**Share Option Scheme 2014**”). The Share Option Scheme 2014 was adopted for a period of 10 years commencing from 28 May 2014.

During the Reporting Period, no share options were granted, exercised, lapsed or cancelled and no shares are available for issue under the Share Option Scheme 2004.

Save as disclosed below during the Reporting Period, no share options were granted, no share option was lapsed and no share options were exercised or cancelled under the Share Option Scheme 2014. Movements of share options in the Reporting Period under the Share Option Scheme 2014 are summarised as follows:

List of Grantees	Balance as at 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Balance as at 30 June 2021	Exercise Price HK\$	Date of Grant	Exercise Period
Director									
Xu Dayong	1,000,000	—	—	—	—	1,000,000	0.127	29/06/2017	29/06/2017- 28/06/2022 (Note 2)
Wu Yalin	1,000,000	—	—	—	—	1,000,000	0.127	29/06/2017	29/06/2017- 28/06/2022 (Note 2)
Wang Shuping	500,000	—	—	—	—	500,000	0.127	29/06/2017	29/06/2017- 28/06/2022 (Note 2)
Subtotal	<u>2,500,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,500,000</u>			
Employees									
In aggregate	10,700,000	—	—	(10,700,000)	—	—	0.29	18/05/2016	18/05/2016- 17/05/2021 (Note 1)
	27,800,000	—	—	—	—	27,800,000	0.127	29/06/2017	29/06/2017- 28/06/2022 (Note 2)
Subtotal	<u>38,500,000</u>	<u>—</u>	<u>—</u>	<u>(10,700,000)</u>	<u>—</u>	<u>27,800,000</u>			
Consultants									
In aggregate	7,000,000	—	—	(7,000,000)	—	—	0.29	18/05/2016	18/05/2016- 17/05/2021 (Note 1)
	3,000,000	—	—	—	—	3,000,000	0.127	29/06/2017	29/06/2017- 28/06/2022 (Note 2)
Subtotal	<u>10,000,000</u>	<u>—</u>	<u>—</u>	<u>(7,000,000)</u>	<u>—</u>	<u>3,000,000</u>			
Total	<u><u>51,000,000</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>(17,700,000)</u></u>	<u><u>—</u></u>	<u><u>33,300,000</u></u>			

Notes:

1. Not more than 30% of the share options will be vested on 18 May 2017. Not more than 60% of the share options will be vested on 18 May 2018. Not more than 100% of the share options has been vested on 18 May 2019.
2. Not more than 30% of the share options will be vested on 29 June 2018. Not more than 60% of the share options will be vested on 29 June 2019. Not more than 100% of the share options will be vested on 29 June 2020.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the following Directors or chief executives of the Company had held the following interests or short positions in the shares, underlying shares (as defined in the Securities and Futures Ordinance (the “SFO”)) and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”):

Long positions in the Company:

Name of Directors	Nature of interests	Number of issued ordinary shares held	Number of underlying shares held	Aggregate number of shares held	Approximate aggregate percentage of the issued share capital
Lu Xing (“Mr. Lu”)	Beneficial owner	569,968,000	—	1,359,596,323	21.14%
	Held by controlled corporation	789,628,323 (Note 1)	—	—	—
Li Jia	Beneficial owner	7,936,000	—	7,936,000	0.12%
Song Bo	Beneficial owner	—	320,000,000 (Note 2)	320,000,000	4.97%
Zhang Jie	Beneficial owner	198,658,000	—	273,830,000	4.26%
	Held by spouse	75,172,000 (Note 3)	—	—	—
Xu Dayong	Beneficial owner	—	1,000,000 (Note 4)	1,000,000	0.02%
Wang Shuping	Beneficial owner	—	500,000 (Note 4)	500,000	0.01%
Wu Yalin	Beneficial owner	—	1,000,000 (Note 4)	1,000,000	0.02%

Note:

- 1 Of these 789,628,323 shares, 109,628,323 shares are held by Ascher Group Limited; and 680,000,000 shares are held by Headwind Holdings Limited. Ascher Group Limited and Headwind Holdings Limited are companies incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Lu.

- 2 These interests represent the number of underlying shares of the Company held of the maximum number of conversion shares to be issued upon full exercise of the conversion right attaching to the Convertible Bonds in the principle amount of HK\$40,000,000.
- 3 These 75,172,000 shares are held by Ms. Yuan Xiaoling who is the spouse of Mr. Zhang Jie.
- 4 These interests represent the share option granted by the Company under the Share Option Scheme 2014.

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executives of the Company held any interests or short positions in the shares, underlying shares (as defined in the SFO) or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code.

DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the above sections headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" and "Share Option Schemes", at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable any of the Directors or the Company's members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the Directors, their spouse or their children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the Reporting Period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, the following persons (other than Directors or chief executives of the Company) had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in the Company:

Name of substantial shareholders of the Company	Nature of interests	Number of issued ordinary shares/ underlying shares held	Aggregate number of shares held	Approximate aggregate percentage of the issued share capital
Headwind Holdings Limited	Beneficial owner	680,000,000 (Note 1)	680,000,000	10.57%
Guo Zhen Bao	Beneficial owner	184,622,032	381,030,032	5.92%
	Held by spouse	196,408,000 (Note 2)		
Choi Chung Lam ("Mr. Choi")	Beneficial owner	3,500,000	539,552,000	8.39%
	Held by controlled corporations	536,052,000 (Note 3)		
Siu Fung ("Ms. Siu")	Held by controlled corporation	578,700,000 (Note 4)	578,700,000	9.00%

Notes:

- These 680,000,000 shares are held by Headwind Holdings Limited, which is incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Lu.
- These 196,408,000 shares are held by Ms. Ren Jiying who is the spouse of Mr. Guo Zhen Bao.
- Of these 536,052,000 shares, 434,724,000 shares are held by HTHTIMES Limited and 101,328,000 shares are held by Team Effort Investments Limited. HTHTIMES Limited and Team Effort Investments Limited are companies incorporated in the British Virgin Islands with limited liabilities and wholly owned by Mr. Choi.
- These 578,700,000 shares are held by Easy Team Investment Limited which is incorporated in Hong Kong with limited liabilities and wholly owned by Ms. Siu.

Save as disclosed above, as at 30 June 2021, the Company had not been notified of any interests or short position being held by any substantial shareholder in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE CODE

Throughout the Reporting Period, the Company has applied and complied with the code provisions in the Corporate Governance Code set out in Appendix 14 of the Listing Rules.

COMPLIANCE WITH MODEL CODE

During the Reporting Period, the Company has adopted the Model Code as its code of conduct regarding securities transactions by its Directors. The Company had made specific enquiries of all Directors, and the Company was not aware of any non-compliance with the required standard in the Model Code.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group currently does not have any future plans for material investments or capital assets.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the Reporting Period.

SIGNIFICANT INVESTMENTS

The investment objective of the Group is to achieve earnings and enhance the corporate value to the shareholders of the Company. The Group has no specific industry focus on potential investment.

As at 30 June 2021, the Group has four financial assets at fair value through other comprehensive income and one financial asset at fair value through profit or loss with details as follows:

					Measured at fair value as at 31 December 2020		Fair value change	Exchange realignment	Measured at fair value as at 30 June 2021
	Notes	Number of shares held	Investment cost (RMB'000)	Percentage of interest held	(RMB'000)	Addition (RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Investment A	(a)(f)	N/A	38,000	19.8%	22,000	—	6,000	—	28,000
Investment B	(b)(f)	N/A	25,000	2.5%	29,000	—	—	—	29,000
Investment C	(c)(f)	N/A	2,000	4%	—	—	200	—	200
Investment D	(d)	N/A	2,400	19.4%	2,400	—	(972)	—	1,428
Investment E	(e)	50,000	3,243	12.35%	1,585	—	—	(18)	1,567
Total:			<u>70,643</u>		<u>54,985</u>	<u>—</u>	<u>5,228</u>	<u>(18)</u>	<u>60,195</u>

Notes:

- (a) Investment A is a private company namely 北京國亞通寶科技有限公司 (“**Guoya Tongbao**”) incorporated in the PRC and is principally engaged in the operation of a technology platform and offering online payment solutions. During the Reporting Period, Guoya Tongbao was loss-making according to the management accounts. The management decided to hold the investment for medium or long-term strategic purpose.
- (b) Investment B is a loan investment in a mutual insurance agency namely Xinmei Mutual incorporated in the PRC and is principally engaged in the provision of life insurance products in the PRC. During the Reporting Period, Xinmei Mutual was profit-making according to the management accounts. On 22 March 2021, 北京創聯國培雲科技有限公司, a wholly-owned subsidiary of the Company entered into a transfer agreement with an independent third party to sell the loan investment. The completion of this transaction was expected to take place on or before 31 December 2021. Details of the transaction were set out in the announcement of the Company dated 22 March 2021.
- (c) Investment C is a private company namely 北京亞格斯科技發展有限公司 (“**Yagus**”) incorporated in the PRC and is principally engaged in the operation of a technology platform and offering online payment solutions. During Reporting Period, Yagus was loss-making according to the management accounts. The management decided to hold the investment for medium or long-term strategic purpose.
- (d) Investment D is a private company namely 北京創聯恒通信息服務有限公司 (“**Hengtong**”) incorporated in the PRC and is principally engaged in information technology consulting services. During Reporting Period, Hengtong was still at initial development stage and the fair value of Investment D was referenced to the net book value outlined in the management accounts of Hengtong as at 30 June 2021. The management decided to hold the investment for medium or long-term strategic purpose.

- (e) Investment E is a fund investment namely Flyover Fund SPC Limited (“**Flyover**”) incorporated in the Cayman Islands and is principally engaged in investing in cultural innovation industry in Greater China region. The financial performances of Flyover as at 31 December 2020 and 30 June 2021 were referenced to the respective reports from the manager of Flyover. The management will continue to hold the investment and expect a high yield in the new future.
- (f) Investment A, Investment B and Investment C are collectively referred to as the “Investments”. As at 31 December 2020 and 30 June 2021, the Investments were measured at fair values. The Group engaged an independent external expert to determine the fair values of the Investments as at 31 December 2020 and 30 June 2021. The fair values of the Investments were determined using the market approach by applying market multiples from comparable companies and adjusted by marketability discount.

To mitigate relevant risks, the Group will optimise its investment strategies in response to market conditions.

Save as disclosed above, the Group had no significant investments held during the Reporting Period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

EVENT AFTER THE REPORTING PERIOD

On 29 July 2021, a subsidiary of the Group had entered into a sale and purchase agreement with an independent third party for acquiring the whole equity interest in a group of companies which focuses on the provision of finance leases, information and computer technology and consulting services over high performance data processing computer units which are specialised in distributed ledger technology, blockchain and cryptocurrencies. This transaction was completed on 26 August 2021. Details of this transaction please refer to “MANAGEMENT DISCUSSION AND ANALYSIS — Future Plans — Financial services in technology” in this announcement on page 21–22 and the announcements of the Company dated 29 July 2021, 24 August 2021 and 26 August 2021.

Save as disclosed above, no significant events affecting the Group have occurred since the end of the reporting period.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) currently consists of three independent non-executive Directors, namely, Mr. Leung Siu Kee, Mr. Wu Yalin and Ms. Wang Shuping. The Audit Committee has reviewed the unaudited condensed consolidated financial results of the Group for the Reporting Period, and was of the opinion that the preparation of such interim results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

By Order of the Board
China Chuanglian Education Financial Group Limited
Lu Xing
Chairman

Hong Kong, 27 August 2021

As at the date of this announcement, the Board comprises Mr. Lu Xing (Chairman), Mr. Li Jia, Mr. Xu Dayong, Mr. Hu Dingdong, Mr. Zhang Jie and Mr. Song Bo as executive Directors and Mr. Leung Siu Kee, Mr. Wu Yalin and Ms. Wang Shuping as independent non-executive Directors.

* *For identification purposes only*